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8
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10 *Pembroke Capital Ltd. Corp., and Soverel, Inc.*

11 [Additional Counsel on Signature Page]

12
13 **UNITED STATES DISTRICT COURT**
14 **NORTHERN DISTRICT OF CALIFORNIA**

15 COVEY FINANCIAL INC., PEMBROKE
16 CAPITAL LTD. CORP., and SOVEREL, INC.,
17 Individually and on Behalf of All Others
18 Similarly Situated,

19 Plaintiffs,

20 v.
21
22 SUPER MICRO COMPUTER, INC.,
23 CHARLES LIANG, and DAVID WEIGAND,

24 Defendants.

25 Case No. 5:24-cv-07274

26 CLASS ACTION

27 **COMPLAINT FOR VIOLATION OF THE**
FEDERAL SECURITIES LAWS

28 **JURY TRIAL DEMANDED**

1 Plaintiffs Covey Financial Inc., Pembroke Capital Ltd. Corp., and Soverel, Inc. (together,
 2 “Plaintiffs”), by and through their counsel, allege the following upon personal knowledge as to
 3 themselves and their own acts, and upon information and belief as to all other matters. Plaintiffs’
 4 information and belief are based on, among other things, the independent investigation of counsel. This
 5 investigation includes, but is not limited to, a review and analysis of: (i) public filings by Super Micro
 6 Computer, Inc. (“Super Micro” or the “Company”) with the Securities and Exchange Commission
 7 (“SEC”); (ii) transcripts of Super Micro conferences with investors and analysts; (iii) press releases and
 8 media reports issued and disseminated by the Company; (iv) analyst reports concerning Super Micro;
 9 and (v) other public information and data regarding the Company.

10 **I. NATURE OF THE ACTION AND OVERVIEW**

11 1. This is a class action on behalf of all persons and entities that purchased or acquired
 12 Super Micro securities, including call options, as well as those that sold put options on Super Micro
 13 stock, between February 2, 2021 and September 25, 2024 inclusive (the “Class Period”). Plaintiffs
 14 assert claims under Sections 10(b) and 20(a) of the Securities Exchange Act of 1934 (the “Exchange
 15 Act”), and Rule 10b-5 promulgated thereunder, against: (i) Super Micro; (ii) the Company’s Chief
 16 Executive Officer (“CEO”) Charles Liang (“Liang”); and (iii) the Company’s Chief Financial Officer
 17 (“CFO”) David Weigand (“Weigand”).

18 2. Super Micro is a San Jose, California based manufacturer of server and storage solutions
 19 which sells its hardware to technology companies for use in servers supporting websites, data storage,
 20 and artificial intelligence (“AI”) applications.

21 3. This case concerns Defendants’ misrepresentations regarding: (i) Super Micro’s reported
 22 revenue, earnings, gross margins, and other financial figures and their compliance with Generally
 23 Accepted Accounting Principles (“GAAP”); (ii) the effectiveness of the Company’s internal controls
 24 over financial reporting; (iii) the drivers and sustainability of Super Micro’s gross margins; and (iv) the
 25 Company’s compliance with trade control regulations restricting exports to Russia.

26 4. Throughout the Class Period, Defendants repeatedly assured investors that Super
 27 Micro’s financial statements were prepared in accordance with GAAP and certified that the Company’s
 28 internal controls over financial reporting were effective. Defendants also asserted that Super Micro’s

1 robust gross margins were sustainable and driven by legitimate business factors such as “price
 2 discipline,” its “ability to pass on costs” to customers, improved “product” and “customer mix,”
 3 “operating efficiencies,” and the demand for its products. And Defendants repeatedly affirmed that
 4 Super Micro did not sell its products in Russia during fiscal years 2023 and 2024 in purported
 5 compliance with relevant trade control regulations. As a result of Defendants’ misrepresentations, the
 6 price of Super Micro’s stock traded at artificially inflated prices during the Class Period, including
 7 reaching a Class Period high of \$1,229.00 per share on March 8, 2024.

8 5. In truth, when these statements were made: (i) Super Micro’s reported revenues,
 9 earnings, gross margins, and other financial figures were materially misstated in violation of GAAP;
 10 (ii) Super Micro’s internal controls over financial reporting were ineffective; (iii) Super Micro’s gross
 11 margins were driven by a scheme whereby the Company would deliver unfinished or defective products
 12 to customers and improperly recognize the revenue on those faulty products, thereby overstating
 13 revenue and understating costs; (iv) Super Micro concealed from investors information about related
 14 parties and related party transactions; and (v) Super Micro was not in compliance with trade control
 15 regulations restricting exports to Russia.

16 6. The truth began to emerge on August 6, 2024, when Super Micro issued a press release
 17 announcing its fourth quarter and full year fiscal 2024 financial results. In the press release, Super
 18 Micro revealed a significant decline in its gross margin. Specifically, the Company disclosed that its
 19 gross margin for the quarter was “11.2% versus 15.5% in the third quarter of fiscal year 2024 and 17.0%
 20 in the same quarter of last year.” During Super Micro’s conference call to discuss the 4Q and FY 24
 21 financial results with investment analysts also held on August 6, 2024, the Company attributed the
 22 lower gross margin, in part, to increased production costs for its products. According to an August 7,
 23 2024 article published by *The Wall Street Journal*, Super Micro’s reported quarterly gross margin was
 24 “an all-time low” for the Company.

25 7. On this news, the price of Super Micro stock declined over 20%, from \$616.94 per share
 26 on August 6, 2024 to \$492.70 per share on August 7, 2024, on unusually high trading volume.

27 8. Three weeks later, on August 27, 2024, prominent investment research firm Hindenburg
 28 Research (“Hindenburg”) published a report titled “Super Micro: Fresh Evidence of Accounting

1 Manipulation, Sibling Self-Dealing and Sanctions Evasions at this AI High Flyer” (the “Hindenburg
 2 Report”). The Hindenburg Report was the product of the research firm’s three-month investigation into
 3 the Company “which included interviews with former senior employees [of Super Micro] and industry
 4 experts as well as a review of litigation records, [and] international corporate and customs records.” In
 5 its report, Hindenburg revealed that it “found glaring accounting red flags, evidence of undisclosed
 6 related party transactions, sanctions and export control failures, and customer service issues” at the
 7 Company. The Hindenburg Report further detailed how Super Micro engaged in a fraudulent revenue
 8 recognition scheme, which included: (i) misallocating revenue to hardware sales instead of services to
 9 artificially inflate profit margins; (ii) prematurely recording revenue when equipment could not be
 10 delivered or installed; and (iii) booking revenue for faulty or incomplete products not ready for sale.

11 9. Hindenburg also provided multiple examples of Super Micro shipping faulty products
 12 to its customers, which drove some customers to move their business to Super Micro’s competitors.
 13 For instance, one customer moved its business to Dell because Super Micro’s products “had pretty bad
 14 reliability” and dealing with the Company was “a train wreck of sorts,” while another customer reported
 15 receiving “pre-production” products and described its relationship with Super Micro as “[c]atastrophic.”
 16 Yet another customer told Hindenburg it was moving its business to Hewlett Packard after experiencing
 17 a 17.5% problem rate on servers it ordered from Super Micro and told Hindenburg “even more basic
 18 parts . . . had failures right out of the box,” while still another customer questioned whether Super Micro
 19 was testing its products before shipping them given the amount of faulty products the customer received
 20 from the Company.

21 10. Relatedly, Hindenburg revealed that Super Micro was facing increased pricing pressures
 22 from large enterprise competitors as well as lower cost manufacturers, to the point that “The Company’s
 23 Core Product [servers] Is Increasingly Becoming Commodity-Like.” As a result, according to
 24 Hindenburg, Super Micro’s “gross margins have started to collapse, from consistently above 15% in
 25 fiscal years 2020-2023 to 11.2% in Q4 2024.”

26 11. Hindenburg further uncovered evidence that Super Micro had violated U.S. export
 27 controls. Specifically, despite the Company’s assertions that it stopped sale of its products to Russia
 28 following that country’s invasion of Ukraine in 2022, the Hindenburg Report revealed that Super Micro

ignored U.S. export controls and shipped approximately \$210 million worth of its products to Russia between February 24, 2022 and June 30, 2024.

12. The Hindenburg Report caused the price of Super Micro stock to decline approximately 3%, from \$562.51 per share on August 26, 2024 to \$547.64 per share on August 27, 2024, on unusually high trading volume.

13. The very next day, August 28, 2024, Super Micro disclosed that it would “not timely file its Annual Report on Form 10-K for the fiscal year ended June 30, 2024” because “[a]dditional time is needed for SMCI’s management to complete its assessment of the design and operating effectiveness of its internal controls over financial reporting.”

14. The delayed filing of the Company's Form 10-K caused the price of the Company's stock to decline more than 19%, from \$547.64 per share on August 27, 2024 to \$443.49 per share on August 28, 2024.

15. Finally, on September 26, 2024, *The Wall Street Journal* reported that the United States Department of Justice (“DOJ”) had initiated an investigation into the Company. According to the report, DOJ’s investigation is “connected to a former employee who accused the company of accounting violations.”

16. On this news, the price of Super Micro stock declined more than 12%, from \$458.15 per share on September 25, 2024 to \$402.40 per share on September 26, 2024.

II. JURISDICTION AND VENUE

17. The claims asserted herein arise under Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

18. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. § 78aa).

19. Venue is proper in this District pursuant to Section 27 of the Exchange Act and 28 U.S.C. § 1391(b) because Super Micro's headquarters is located within this District and Defendants conducted substantial economic activity in this District. As such, substantial acts in furtherance of the alleged fraud have occurred in this District.

20. In connection with the acts alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including, but not limited to, the mails, interstate telephone communications, and the facilities of the national securities markets.

III. PARTIES

21. Plaintiffs are based in Panama. Plaintiffs invested in Super Micro securities during the Class Period, as detailed in the Certifications attached hereto and incorporated herein, and have been damaged thereby.

22. Defendant Super Micro is a Delaware corporation with its corporate headquarters and principal place of business in San Jose, California. Super Micro's common stock trades on the NASDAQ stock exchange under the ticker symbol "SMCI."

23. Defendant Liang is, and at all relevant times was, Super Micro's CEO and Chairman of the Company's Board of Directors.

24. Defendant Weigand is, and at all relevant times was, Super Micro's CFO.

25. Defendants Liang and Weigand are collectively referred to herein as the “Individual Defendants.” The Individual Defendants, because of their positions with Super Micro, possessed the power and authority to control the contents of the Company’s reports to the SEC, press releases, and presentations to securities analysts, money and portfolio managers, and institutional investors.

26. The Individual Defendants, because of their positions and access to material non-public information available to them, knew the adverse facts and omissions specified herein had not been disclosed to, and were being concealed from, the public, and that the positive representations and omissions which were being made were then materially false and/or misleading.

IV. SUBSTANTIVE ALLEGATIONS

A. Background

27. Super Micro develops, manufactures, and provides server and storage systems for various markets, including data centers, cloud computing, AI, and edge computing. The Company also offers server subsystems and accessories such as complete servers, storage systems, modular blade servers, blades, workstations, full rack scale solutions, networking devices, and management and security software.

1 28. In 2020, the SEC charged Super Micro with “prematurely recognizing revenue and
 2 understating expenses over a period of at least three years.” According to the SEC, Super Micro
 3 executives “pushed employees to maximize end-of-quarter revenue, yet failed to devise and maintain
 4 sufficient internal accounting controls to accurately record revenue.” As a result, “Super Micro
 5 improperly and prematurely recognized revenue, including by recognizing revenue on goods sent to
 6 warehouses but not yet delivered to customers, shipping goods to customers prior to customer
 7 authorization, and shipping misassembled goods to customers.” Super Micro paid a \$17.5 million
 8 penalty and “agreed to cease and desist” from its illegal conduct to resolve the charges.

9 **B. Materially False and Misleading Statements Issued During the Class Period**

10 29. The Class Period begins on February 2, 2021. On that day, Super Micro issued a press
 11 release announcing its second quarter fiscal 2021 financial results. In the press release, the Company
 12 reported the following financial results, among others:

- 13 • Net sales of \$830 million versus \$762 million in the first quarter of fiscal year 2021 and
 14 \$871 million in the same quarter of last year.
- 15 • Gross margin of 16.4% versus 17.0% in the first quarter of fiscal year 2021 and 15.9%
 16 in the same quarter of last year.
- 17 • Net income of \$28 million versus \$27 million in the first quarter of fiscal year 2021 and
 18 \$24 million in the same quarter of last year.

19 30. Three days later, on February 5, 2021, Super Micro filed its quarterly report for 2Q 21
 20 on Form 10-Q with the SEC, which was signed by the Individual Defendants. In the 2Q 21 Form 10-
 21 Q, Defendants stated that they had “undertaken remedial procedures to address the IT General Control
 22 (ITGC) material weakness in our internal control over financial reporting,” that “management continued
 23 to re-design processes and controls related to IT privileged access for our primary accounting system
 24 and boundary systems,” and that “[m]anagement’s testing of ITGCs has commenced and the
 25 remediation of this material weakness will depend on management’s ability to ensure properly designed
 26 ITGC’s are operating effectively as of June 30, 2021.”

27 31. Super Micro appended as an exhibit to the 2Q 21 Form 10-Q certifications signed by the
 28 Individual Defendants pursuant to the Sarbanes-Oxley Act of 2002 (“SOX”), wherein Liang and

1 Weigand certified that “the financial statements, and other financial information included in this report,
 2 fairly present in all material respects the financial condition, results of operations and cash flows of the
 3 registrant as of, and for, the periods presented in this report,” and that they had “[d]esigned such internal
 4 control over financial reporting, or caused such internal control over financial reporting to be designed
 5 under our supervision, to provide reasonable assurance regarding the reliability of financial reporting
 6 and the preparation of financial statements for external purposes in accordance with generally accepted
 7 accounting principles.”

8 32. On May 4, 2021, Super Micro issued a press release announcing its third quarter fiscal
 9 2021 financial results. In the press release, the Company reported the following financial results, among
 10 others:

- 11 • Net sales of \$896 million versus \$830 million in the second quarter of fiscal year 2021
 12 and \$772 million in the same quarter of last year.
- 13 • Gross margin of 13.7% versus 16.4% in the second quarter of fiscal year 2021 and 17.3%
 14 in the same quarter of last year.
- 15 • Net income of \$18 million versus \$28 million in the second quarter of fiscal year 2021
 16 and \$16 million in the same quarter of last year.

17 33. Days later, on May 7, 2021, Super Micro filed its quarterly report for 3Q 21 on Form
 18 10-Q with the SEC, which was signed by the Individual Defendants. In the 3Q 21 Form 10-Q,
 19 Defendants again stated that they had “undertaken remedial procedures to address the IT General
 20 Control (ITGC) material weakness in our internal control over financial reporting,” that “management
 21 continued to re-design processes and controls related to IT privileged access for our primary accounting
 22 system and boundary systems,” and that “[m]anagement’s testing of ITGCs and the remediation of this
 23 material weakness will depend on management’s ability to ensure properly designed ITGC’s are
 24 operating effectively as of June 30, 2021.”

25 34. Super Micro appended as an exhibit to the 3Q 21 Form 10-Q certifications signed by the
 26 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 27 statements, and other financial information included in this report, fairly present in all material respects
 28 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods

1 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 2 caused such internal control over financial reporting to be designed under our supervision, to provide
 3 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 4 statements for external purposes in accordance with generally accepted accounting principles.”

5 35. On August 10, 2021, Super Micro issued a press release announcing its fourth quarter
 6 and full year fiscal 2021 financial results. In the press release, the Company reported the following
 7 financial results, among others:

- 8 • Net sales of \$1.07 billion versus \$896 million in the third quarter of fiscal year 2021 and
 9 \$896 million in the same quarter of last year.
- 10 • Gross margin of 13.6% versus 13.7% in the third quarter of fiscal year 2021 and 13.8%
 11 in the same quarter of last year.
- 12 • Net income of \$39 million versus \$18 million in the third quarter of fiscal year 2021 and
 13 \$18 million in the same quarter of last year.

14 36. On August 27, 2021, Super Micro filed its annual report for FY 21 on Form 10-K with
 15 the SEC, which was signed by the Individual Defendants. In the FY 21 Form 10-K, Defendants stated
 16 that “management has concluded that our internal control over financial reporting was effective as of
 17 June 30, 2021 to provide reasonable assurance regarding the reliability of financial reporting and
 18 preparation of consolidated financial statements in accordance with U.S. GAAP.”

19 37. Super Micro appended as an exhibit to the FY 21 Form 10-K certifications signed by the
 20 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 21 statements, and other financial information included in this report, fairly present in all material respects
 22 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 23 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 24 caused such internal control over financial reporting to be designed under our supervision, to provide
 25 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 26 statements for external purposes in accordance with generally accepted accounting principles.”

1 38. On November 2, 2021, Super Micro issued a press release announcing its first quarter
 2 fiscal 2022 financial results. In the press release, the Company reported the following financial results,
 3 among others:

4 • Net sales of \$1.03 billion versus \$1.07 billion in the fourth quarter of fiscal year 2021
 5 and \$762 million in the same quarter of last year.
 6 • Gross margin of 13.4% versus 13.6% in the fourth quarter of fiscal year 2021 and 17.0%
 7 in the same quarter of last year.
 8 • Net income of \$25 million versus \$39 million in the fourth quarter of fiscal year 2021
 9 and \$27 million in the same quarter of last year.

10 39. Then, on November 5, 2021, Super Micro filed its quarterly report for 1Q 22 on Form
 11 10-Q with the SEC, which was signed by the Individual Defendants. In the 1Q 22 Form 10-Q,
 12 Defendants stated that, “[t]here were no changes in our internal control over financial reporting during
 13 the quarter ended September 30, 2021, that have materially affected, or are reasonably likely to
 14 materially affect, our internal control over financial reporting.”

15 40. Super Micro appended as an exhibit to the 2Q 22 Form 10-Q certifications signed by the
 16 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 17 statements, and other financial information included in this report, fairly present in all material respects
 18 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 19 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 20 caused such internal control over financial reporting to be designed under our supervision, to provide
 21 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 22 statements for external purposes in accordance with generally accepted accounting principles.”

23 41. On February 1, 2022, Super Micro issued a press release announcing its second quarter
 24 fiscal 2022 financial results. In the press release, the Company reported the following financial results,
 25 among others:

26 • Net sales of \$1.17 billion versus \$1.03 billion in the first quarter of fiscal year 2022 and
 27 \$830 million in the same quarter of last year.
 28 • Gross margin of 14.0% versus 13.4% in the first quarter of fiscal year 2022 and 16.4%
 29 in the same quarter of last year.

1 • Net income of \$42 million versus \$25 million in the first quarter of fiscal year 2022 and
 2 \$28 million in the same quarter of last year.

3 42. Also on February 1, 2022, Super Micro held a conference call with investment analysts
 4 to discuss the Company’s 2Q 22 financial results. During the call, Defendant Weigand asserted that
 5 2Q gross margin had increased over the previous quarter “due to price discipline and a better
 6 product/customer mix.” Also on the call, Weigand stated, “[o]ur ability to pass on costs [to customers]
 7 is really reflected in our increased gross margin.”

8 43. On February 4, 2022, Super Micro filed its quarterly report for 2Q 22 on Form 10-Q
 9 with the SEC, which was signed by the Individual Defendants. In the 2Q 22 Form 10-Q, Defendants
 10 stated that, “[t]here were no changes in our internal control over financial reporting during the quarter
 11 ended December 31, 2021, that have materially affected, or are reasonably likely to materially affect,
 12 our internal control over financial reporting.”

13 44. Super Micro appended as an exhibit to the 2Q 22 Form 10-Q certifications signed by the
 14 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 15 statements, and other financial information included in this report, fairly present in all material respects
 16 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 17 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 18 caused such internal control over financial reporting to be designed under our supervision, to provide
 19 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 20 statements for external purposes in accordance with generally accepted accounting principles.”

21 45. On May 3, 2022, Super Micro issued a press release announcing its third quarter fiscal
 22 2022 financial results. In the press release, the Company reported the following financial results, among
 23 others:

24 • Net sales of \$1.36 billion versus \$1.17 billion in the second quarter of fiscal year 2022
 25 and \$896 million in the same quarter of last year.

26 • Gross margin of 15.5% versus 14.0% in the second quarter of fiscal year 2022 and 13.7%
 27 in the same quarter of last year.

28 • Net income of \$77 million versus \$42 million in the second quarter of fiscal year 2022
 29 and \$18 million in the same quarter of last year.

1 46. Also on May 3, 2022, Super Micro convened a conference call with investment analysts
 2 to discuss the Company's 3Q 22 financial results. During the call, Defendant Weigand stated, “[t]he
 3 Q3 gross margin was 15.6%, which was up 160 basis points quarter-over-quarter from Q2 and up 180
 4 basis points year-on-year due to price discipline, leverage from higher factory utilization and operating
 5 efficiencies and a continually improving product customer mix.”

6 47. Days later, on May 6, 2022, Super Micro filed its quarterly report for 3Q 22 on Form
 7 10-Q with the SEC, which was signed by the Individual Defendants. In the 3Q 22 Form 10-Q,
 8 Defendants stated:

9 The U.S. and other global governments have placed restrictions on how companies may
 10 transact with businesses in these regions, particularly Russia, Belarus and restricted areas
 11 in Ukraine. Because of these restrictions and the growing logistical and other challenges,
 12 we have paused sales to Russia, Belarus and the restricted areas in Ukraine. This
 13 decision, which is in line with the approach of other global technology companies, helps
 14 us comply with our obligations under the various requirements in the U.S. and around
 15 the world.

16 48. Defendants made substantially similar statements in the Company's Forms 10-K filed
 17 with the SEC on August 29, 2022 and August 25, 2023.

18 49. In the 3Q 22 Form 10-Q, Defendants also stated that “[t]here were no changes in our
 19 internal control over financial reporting during the quarter ended March 31, 2022, that have materially
 20 affected, or are reasonably likely to materially affect, our internal control over financial reporting.”

21 50. Super Micro appended as an exhibit to the 3Q 22 Form 10-Q certifications signed by the
 22 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 23 statements, and other financial information included in this report, fairly present in all material respects
 24 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 25 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 26 caused such internal control over financial reporting to be designed under our supervision, to provide
 27 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 28 statements for external purposes in accordance with generally accepted accounting principles.”

1 51. On August 9, 2022, Super Micro issued a press release announcing its fourth quarter and
 2 full year fiscal 2022 financial results. In the press release, the Company reported the following financial
 3 results, among others:

4 • Net sales of \$1.64 billion versus \$1.36 billion in the third quarter of fiscal year 2022 and
 5 \$1.07 billion in the same quarter of last year.
 6 • Gross margin of 17.6% versus 15.5% in the third quarter of fiscal year 2022 and 13.6%
 7 in the same quarter of last year.
 8 • Net income of \$141 million versus \$77 million in the third quarter of fiscal year 2022
 9 and \$39 million in the same quarter of last year.

10 52. Also on August 9, 2022, Super Micro held a conference call with investment analysts to
 11 discuss the Company's 4Q 22 financial results. During the call, Defendant Weigand attributed
 12 improved gross margins "to price discipline, lower freight costs, leverage from higher factory
 13 utilization, operating efficiencies and a continually improving customer mix." Also on the call, CJS
 14 Securities, Inc. analyst Jonathan E. Tanwanteng asked if Super Micro's gross margin was "sustainable
 15 over this year?" In response, Weigand stated, "[t]he answer is, yes, it is sustainable" because "we've
 16 had a lot of customers come to us, and we've designed very special solutions for them. And these
 17 solutions have value. And they're high value to the industry and to our customers. And so we are –
 18 when I say price discipline, we've realized higher value for some of our solutions. And we've had the
 19 good fortune of being able to secure enough supply to start up on those solutions."

20 53. On August 29, 2022, Super Micro filed its annual report for FY 22 on Form 10-K with
 21 the SEC, which was signed by the Individual Defendants. In the FY 22 Form 10-K, Defendants stated,
 22 "[t]here were no changes in our internal control over financial reporting identified in connection with
 23 the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the
 24 three months ended June 30, 2022, that have materially affected, or are reasonably likely to materially
 25 affect, our internal control over financial reporting" and that "[u]nder the supervision, and with the
 26 participation, of our management, including our Chief Executive Officer ("CEO") and Chief Financial
 27 Officer ("CFO"), we evaluated the effectiveness of our disclosure controls and procedures as defined
 28 in Rules 13a15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the
 "Exchange Act"), as of June 30, 2022. Based on this evaluation, our CEO and CFO have concluded

1 that our disclosure controls and procedures were effective at a reasonable assurance level as of June 30,
 2 2022.”

3 54. Super Micro appended as an exhibit to the 2022 Form 10-K certifications signed by the
 4 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 5 statements, and other financial information included in this report, fairly present in all material respects
 6 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 7 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 8 caused such internal control over financial reporting to be designed under our supervision, to provide
 9 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 10 statements for external purposes in accordance with generally accepted accounting principles.”

11 55. On November 1, 2022, Super Micro issued a press release announcing its first quarter
 12 2023 financial results. In the press release, the Company reported the following financial results, among
 13 others:

- 14 • Net sales of \$1.85 billion versus \$1.64 billion in the fourth quarter of fiscal year 2022
 and \$1.03 billion in the same quarter of last year.
- 15 • Gross margin of 18.8% versus 17.6% in the fourth quarter of fiscal year 2022 and 13.4%
 in the same quarter of last year.
- 16 • Net income of \$184 million versus \$141 million in the fourth quarter of fiscal year 2022
 and \$25 million in the same quarter of last year.

19 56. Also on November 1, 2022, Super Micro convened a conference call with investment
 20 analysts to discuss the Company’s 1Q 23 financial results. During the call, Defendant Weigand
 21 attributed the Company’s 18.8% gross margin to “price discipline, lower freight costs and leverage from
 22 a higher factory utilization.” He then added, “[o]ur gross margin demonstrates the success of our high-
 23 value rack-scale total IT solutions.”

24 57. On November 4, 2022, Super Micro filed its quarterly report for 1Q 23 on Form 10-Q
 25 with the SEC, which was signed by the Individual Defendants. In the 1Q 23 Form 10-Q, Defendants
 26 stated, “[t]here were no changes in our internal control over financial reporting during the quarter ended
 27 September 30, 2022, that have materially affected, or are reasonably likely to materially affect, our
 28 internal control over financial reporting.”

1 58. Super Micro appended as an exhibit to the 1Q 23 Form 10-Q certifications signed by the
 2 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 3 statements, and other financial information included in this report, fairly present in all material respects
 4 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 5 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 6 caused such internal control over financial reporting to be designed under our supervision, to provide
 7 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 8 statements for external purposes in accordance with generally accepted accounting principles.”

9 59. On January 31, 2023, Super Micro issued a press release announcing its second quarter
 10 2023 financial results. In the press release, the Company reported the following financial results, among
 11 others:

- 12 • Net sales of \$1.80 billion versus \$1.85 billion in the first quarter of fiscal year 2023 and
 13 \$1.17 billion in the same quarter of last year.
- 14 • Gross margin of 18.7% versus 18.8% in the first quarter of fiscal year 2023 and 14.0%
 15 in the same quarter of last year.
- 16 • Net income of \$176 million versus \$184 million in the first quarter of fiscal year 2023
 17 and \$42 million in the same quarter of last year.

18 60. Also on January 31, 2023, Super Micro held a conference call with investment analysts
 19 to discuss the Company’s 2Q 23 financial results. During the call, Defendant Weigand stated, “year-
 20 on-year revenue growth continued to be driven by new and existing customers widely adopting our
 21 GPU/AI systems and rack-scale total IT solutions, which contributed to solid gross margins.” Also on
 22 the call, Weigand attributed the Company’s strong gross margin to “price discipline, lower freight costs
 23 and leverage from higher factory utilization.”

24 61. On February 3, 2023, Super Micro filed its quarterly report for 2Q 23 on Form 10-Q
 25 with the SEC, which was signed by the Individual Defendants. In the 2Q 23 Form 10-Q, Defendants
 26 stated, “[t]here were no changes in our internal control over financial reporting during the quarter ended
 27 December 31, 2022, that have materially affected, or are reasonably likely to materially affect, our
 28 internal control over financial reporting.”

1 62. Super Micro appended as an exhibit to the 2Q 23 Form 10-Q certifications signed by the
 2 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 3 statements, and other financial information included in this report, fairly present in all material respects
 4 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 5 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 6 caused such internal control over financial reporting to be designed under our supervision, to provide
 7 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 8 statements for external purposes in accordance with generally accepted accounting principles.”

9 63. On May 2, 2023, Super Micro issued a press release announcing its third quarter fiscal
 10 2023 financial results. In the press release, the Company reported the following financial results, among
 11 others:

- 12 • Net sales of \$1.28 billion versus \$1.80 billion in the second quarter of fiscal year 2023
 13 and \$1.36 billion in the same quarter of last year.
- 14 • Gross margin of 17.6% versus 18.7% in the second quarter of fiscal year 2023 and 15.5%
 15 in the same quarter of last year.
- 16 • Net income of \$86 million versus \$176 million in the second quarter of fiscal year 2023
 17 and \$77 million in the same quarter of last year.

18 64. On May 5, 2023, Super Micro filed its quarterly report for 3Q 23 on Form 10-Q with the
 19 SEC, which was signed by the Individual Defendants. In the 3Q 23 Form 10-Q, Defendants stated:

20 The Company had previously, before the designation of the FSB in Executive Order
 21 13382, authorized certain third parties to periodically file notifications with, or apply for
 22 import licenses and permits from, the FSB on our behalf in connection with the
 23 importation of our products into Russia, as permitted under OFAC authorizations.
 24 During fiscal year 2023, including the most recent quarter ended March 31, 2023, third
 25 parties filed notifications with, applied for import licenses and permits from, and/or
 26 received the associated approvals from the FSB on our behalf. However, no sales of any
 27 products actually occurred in the Russian Federation during fiscal year 2023, including
 28 the most recent quarter ended March 31, 2023, and accordingly, these filing activities
 did not result in any revenue or otherwise contribute to the Company’s net income for
 these quarters. The Company is in the process of terminating these authorizations. The
 Company and its subsidiaries do not sell products or provide services to the FSB. The
 Company and its subsidiaries had last recorded revenue from Russia on February 23,
 2022.

1 65. Defendants made a substantially similar statement in the Company's Form 10-K filed
 2 with the SEC on August 25, 2023.

3 66. Also in the 3Q 23 Form 10-Q, Defendants stated, “[t]here were no changes in our internal
 4 control over financial reporting during the quarter ended March 31, 2023, that have materially affected,
 5 or are reasonably likely to materially affect, our internal control over financial reporting.”

6 67. Super Micro appended as an exhibit to the 3Q 23 Form 10-Q certifications signed by the
 7 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 8 statements, and other financial information included in this report, fairly present in all material respects
 9 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 10 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 11 caused such internal control over financial reporting to be designed under our supervision, to provide
 12 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 13 statements for external purposes in accordance with generally accepted accounting principles.”

14 68. On August 8, 2023, Super Micro issued a press release announcing its fourth quarter and
 15 full year fiscal 2023 financial results. In the press release, the Company reported the following financial
 16 results, among others:

- 17 • Net sales of \$2.18 billion versus \$1.28 billion in the third quarter of fiscal year 2023 and
 \$1.64 billion in the same quarter of last year.
- 18 • Gross margin of 17.0% versus 17.6% in the third quarter of fiscal year 2023 and 17.6%
 in the same quarter of last year.
- 19 • Net income of \$194 million versus \$86 million in the third quarter of fiscal year 2023
 and \$141 million in the same quarter of last year.

22 69. On August 28, 2023, Super Micro filed its annual report for FY 23 on Form 10-K with
 23 the SEC, which was signed by the Individual Defendants. In the FY 23 Form 10-K, Defendants stated,
 24 “[t]here were no changes in our internal control over financial reporting identified in connection with
 25 the evaluation required by Rule 13a-15(d) and 15d-15(d) of the Exchange Act that occurred during the
 26 three months ended June 30, 2023, that have materially affected, or are reasonably likely to materially
 27 affect, our internal control over financial reporting” and that “[u]nder the supervision, and with the
 28 participation, of our management, including our Chief Executive Officer (“CEO”) and Chief Financial

1 Officer (“CFO”), we evaluated the effectiveness of our disclosure controls and procedures as defined
 2 in Rules 13a15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the
 3 “Exchange Act”), as of June 30, 2023. Based on this evaluation, our CEO and CFO have concluded that
 4 our disclosure controls and procedures were effective at a reasonable assurance level as of June 30,
 5 2023.”

6 70. Super Micro appended as an exhibit to the FY 23 Form 10-K certifications signed by the
 7 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 8 statements, and other financial information included in this report, fairly present in all material respects
 9 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 10 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 11 caused such internal control over financial reporting to be designed under our supervision, to provide
 12 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 13 statements for external purposes in accordance with generally accepted accounting principles.”

14 71. On November 1, 2023, Super Micro issued a press release announcing its first quarter
 15 2024 financial results. In the press release, the Company reported the following financial results, among
 16 others:

- 17 • Net sales of \$2.12 billion versus \$2.18 billion in the fourth quarter of fiscal year 2023
 18 and \$1.85 billion in the same quarter of last year.
- 19 • Gross margin of 16.7% versus 17.0% in the fourth quarter of fiscal year 2023 and 18.8%
 20 in the same quarter of last year.
- 21 • Net income of \$157 million versus \$194 million in the fourth quarter of fiscal year 2023
 22 and \$184 million in the same quarter of last year.

22 72. On November 3, 2023, Super Micro filed its quarterly report for 1Q 24 on Form 10-Q
 23 with the SEC, which was signed by the Individual Defendants. In the 1Q 24 Form 10-Q, Defendants
 24 stated, “[t]here were no changes in our internal control over financial reporting during the quarter ended
 25 September 30, 2023, that have materially affected, or are reasonably likely to materially affect, our
 26 internal control over financial reporting.”

27 73. Super Micro appended as an exhibit to the 1Q 24 Form 10-Q certifications signed by the
 28 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial

1 statements, and other financial information included in this report, fairly present in all material respects
 2 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 3 presented in this report" and that they had "[d]esigned such internal control over financial reporting, or
 4 caused such internal control over financial reporting to be designed under our supervision, to provide
 5 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 6 statements for external purposes in accordance with generally accepted accounting principles."

7 74. On January 29, 2024, Super Micro issued a press release announcing its second quarter
 8 2024 financial results. In the press release, the Company reported the following financial results, among
 9 others:

- 10 • Net sales of \$3.66 billion versus \$2.12 billion in the first quarter of fiscal year 2024 and
 11 \$1.80 billion in the same quarter of last year.
- 12 • Gross margin of 15.4% versus 16.7% in the first quarter of fiscal year 2024 and 18.7%
 13 in the same quarter of last year.
- 14 • Net income of \$296 million versus \$157 million in the first quarter of fiscal year 2024
 15 and \$176 million in the same quarter of last year.

16 75. On February 2, 2024, Super Micro filed its quarterly report for 2Q 24 on Form 10-Q
 17 with the SEC, which was signed by the Individual Defendants. In the 2Q 24 Form 10-Q, Defendants
 18 stated, "[t]here were no changes in our internal control over financial reporting during the quarter ended
 19 December 31, 2023, that have materially affected, or are reasonably likely to materially affect, our
 internal control over financial reporting."

20 76. Super Micro appended as an exhibit to the 2Q 24 Form 10-Q certifications signed by the
 21 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that "the financial
 22 statements, and other financial information included in this report, fairly present in all material respects
 23 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 24 presented in this report" and that they had "[d]esigned such internal control over financial reporting, or
 25 caused such internal control over financial reporting to be designed under our supervision, to provide
 26 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 27 statements for external purposes in accordance with generally accepted accounting principles."

1 77. On April 30, 2024, Super Micro issued a press release announcing its third quarter fiscal
 2 2024 financial results. In the press release, the Company reported the following financial results, among
 3 others:

4 • Net sales of \$3.85 billion versus \$3.66 billion in the second quarter of fiscal year 2024
 5 and \$1.28 billion in the same quarter of last year.
 6 • Gross margin of 15.5% versus 15.4% in the second quarter of fiscal year 2024 and 17.6%
 7 in the same quarter of last year.
 8 • Net income of \$402 million versus \$296 million in the second quarter of fiscal year 2024
 9 and \$86 million in the same quarter of last year.

10 78. Also on April 30, 2024, Super Micro convened a conference call with investment
 11 analysts to discuss the Company's 3Q 24 financial results. During the Call, Defendant Liang stated,
 12 “[o]ur year-over-year operating margin and net income both continue to improve, and we continue to
 13 expect further benefits as we bring our Malaysia facility online later this calendar year.”

14 79. A week later, on May 6, 2024, Super Micro filed its quarterly report for 3Q 24 on Form
 15 10-Q with the SEC, which was signed by the Individual Defendants. In the 3Q 24 Form 10-Q,
 16 Defendants stated, “[t]here were no changes in our internal control over financial reporting during the
 17 quarter ended March 31, 2024, that have materially affected, or are reasonably likely to materially
 18 affect, our internal control over financial reporting.”

19 80. Super Micro appended as an exhibit to the 3Q 24 Form 10-Q certifications signed by the
 20 Individual Defendants pursuant to SOX, wherein Liang and Weigand certified that “the financial
 21 statements, and other financial information included in this report, fairly present in all material respects
 22 the financial condition, results of operations and cash flows of the registrant as of, and for, the periods
 23 presented in this report” and that they had “[d]esigned such internal control over financial reporting, or
 24 caused such internal control over financial reporting to be designed under our supervision, to provide
 25 reasonable assurance regarding the reliability of financial reporting and the preparation of financial
 26 statements for external purposes in accordance with generally accepted accounting principles.”

27 81. The statements referenced in ¶¶29-80 were materially false and misleading because: (i)
 28 Super Micro's reported revenues, earnings, gross margins, and other financial figures were materially
 29 misstated in violation of GAAP; (ii) Super Micro's internal controls over financial reporting were

1 ineffective; (iii) Super Micro’s gross margins were driven by a scheme whereby the Company would
 2 deliver unfinished or defective products to customers and improperly recognize the revenue on those
 3 faulty products, thereby overstating revenue and understating costs; (iv) Super Micro concealed from
 4 investors information about related parties and related party transactions; and (v) Super Micro was not
 5 in compliance with trade control regulations restricting exports to Russia.

6 **C. The Truth Is Revealed**

7 82. On August 6, 2024, Super Micro issued a press release announcing its fourth quarter and
 8 full year fiscal 2024 financial results. In the press release, Super Micro revealed a significant decline
 9 in its gross margin. Specifically, the Company disclosed that its gross margin for 4Q 24 was “11.2%
 10 versus 15.5% in the third quarter of fiscal year 2024 and 17.0% in the same quarter of last year.” During
 11 Super Micro’s conference call to discuss the 4Q and FY 24 financial results with investment analysts
 12 also held on August 6, 2024, the Company attributed the lower gross margin, in part, to increased
 13 production costs for its products that could not be passed on to customers. According to an August 7,
 14 2024 article published by *The Wall Street Journal*, Super Micro’s reported quarterly gross margin was
 15 “an all-time low” for the Company.

16 83. As a result of this news, Super Micro’s stock price declined over 20%, from \$616.94 per
 17 share on August 6, 2024 to \$492.70 per share on August 7, 2024, on unusually high trading volume.

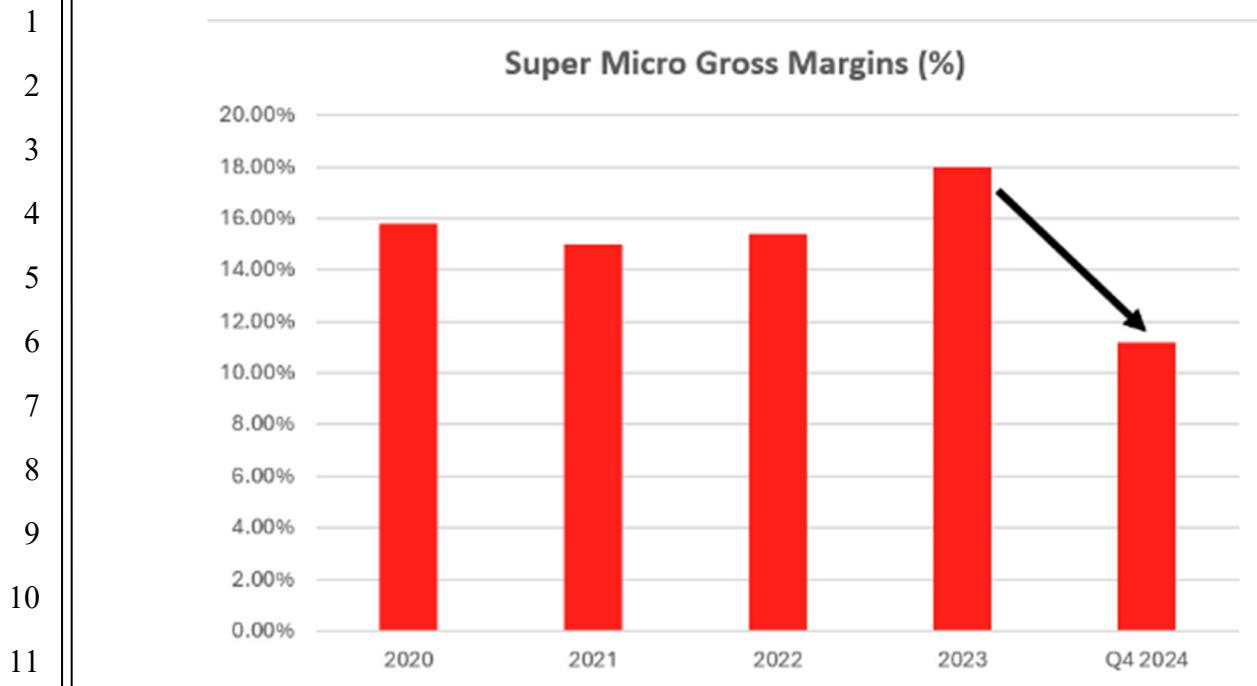
18 84. Then, on August 27, 2024, Hindenburg published its report titled “Super Micro: Fresh
 19 Evidence of Accounting Manipulation, Sibling Self-Dealing and Sanctions Evasion at this AI High
 20 Flyer.” The Hindenburg Report uncovered “glaring accounting red flags, evidence of undisclosed
 21 related party transactions, sanctions and export control failures, and customer issues.” In particular, the
 22 Hindenburg Report explained how the Company engaged in a fraudulent revenue recognition scheme,
 23 including that Super Micro: (i) misallocated revenue to hardware sales instead of services to artificially
 24 inflate profit margins; (ii) prematurely recorded revenue when equipment could not be delivered or
 25 installed; and (iii) booked revenue for faulty or incomplete products not ready for sale.

26 85. The Hindenburg Report also provided numerous specific examples of customers that
 27 received faulty products from Super Micro, which drove many of the customers to move their business
 28 to competitors like Dell, Lenovo, and Hewlett Packard. For example, Super Micro customer Digital

1 Ocean moved to Dell because dealing with Super Micro was “a train wreck of sorts. They [Super
 2 Micro] had pretty bad reliability . . . Something keeps going wrong” with their products. Additionally,
 3 a former employee of Super Micro customer Genesis Cloud described working with Super Micro as
 4 “[c]atastrophic,” while a current Genesis Cloud employee explained, “[w]e had massive problems with
 5 Super Micro, overpromising [and] under-delivering. . . . They were ever so proud to tell us they were
 6 shipping us the first production release [of a server]. And when it arrived . . . [it was a] pre-production
 7 unit with basic quality firmware.” As a result of these issues, Genesis Cloud was “evaluating [moving
 8 to] Dell and Lenovo.” Similarly, an employee of Super Micro customer Crusoe AI estimated a 40%
 9 failure rate in the GPUs it received from Super Micro and questioned basic assembly and product testing
 10 at Super Micro prior to shipping. The employee told Hindenburg, “[w]e just literally went through,
 11 ripped every server open . . . took every [GPU] card out, cleaned it off, put it back, and then it worked.
 12 And so we’re like, hey, guys, did you just not test this. Did you not build them properly?” And a
 13 current employee of Super Micro customer GMI Cloud told Hindenburg it was moving its business to
 14 Hewlett Packard after it experienced a 17.5% problem rate on the servers it ordered from Super Micro
 15 and that “even more basic parts like the Network Interface Controller (NCI) had failures right out of the
 16 box.” As a result of Super Micro’s failures, GMI Cloud was moving its business to Hewlett Packard.

17 86. Relatedly, Hindenburg reported that Super Micro was facing increased pricing pressure
 18 from large enterprise competitors like Dell and Hewlett Packard, as well as lower cost manufacturers,
 19 to the point that “The Company’s Core Product [servers] Is Increasingly Becoming Commodity-Like.”
 20 As a result, according to Hindenburg, Super Micro’s “gross margins have started to collapse, from
 21 consistently above 15% in fiscal years 2020-2023 to 11.2% in Q4 2024” as indicated in the chart
 22 Hindenburg included in its report below:

23
 24
 25
 26
 27
 28



87. The Hindenburg Report further revealed that Super Micro violated U.S. export controls. Specifically, Hindenburg asserted that, despite the Company's claims that it ceased sales to Russia, Super Micro skirted export controls between February 24, 2022 and June 30, 2024. During this period, the Company shipped approximately \$210 million worth of products to the country.

88. In response to the Hindenburg Report, Super Micro's stock price declined approximately 3%, from \$562.51 per share on August 26, 2024 to \$547.64 per share on August 27, 2024, on unusually high trading volume.

89. The very next day, August 28, 2024, Super Micro issued a press release disclosing that it would "not timely file its Annual Report on Form 10-K for the fiscal year ended June 30, 2024" because "[a]dditional time is needed for SMCI's management to complete its assessment of the design and operating effectiveness of its internal controls over financial reporting."

90. On the news that Super Micro could not timely file its Form 10-K because it was assessing the effectiveness of its internal controls over financial reporting one day after Hindenburg accused the Company of accounting manipulations and other misconduct, the price of Super Micro's stock declined more than 19%, from \$547.64 per share on August 27, 2024 to \$443.49 per share on August 28, 2024.

91. Finally, on September 26, 2024, *The Wall Street Journal* reported that DOJ had initiated an investigation into Super Micro. Reportedly, DOJ's investigation is "connected to a former employee who accused the company of accounting violations."

92. On the news of the DOJ investigation, the price of Super Micro's stock declined more than 12%, from \$458.15 per share on September 25, 2024 to \$402.40 per share on September 26, 2024.

V. LOSS CAUSATION

93. During the Class Period, as detailed herein, Defendants made materially false and misleading statements and omissions, and engaged in a scheme to deceive the market. This artificially distorted the price of Super Micro securities and operated as a fraud or deceit on the Class. Later, when Defendants' prior misrepresentations and fraudulent conduct were disclosed to the market on August 6, 2024, August 27, 2024, August 28, 2024, and September 26, 2024, as alleged herein, the price of Super Micro stock fell precipitously, as the prior artificial inflation came out of the price. As a result of their investments in Super Micro securities during the Class Period, Plaintiffs and other members of the Class suffered economic loss, *i.e.*, damages, under the federal securities laws.

VI. SCIENTER ALLEGATIONS

94. As alleged herein, Defendants acted with scienter because Defendants knew that the public statements issued or disseminated in the name of the Company were materially false and/or misleading; knew that such statements would be issued or disseminated to the investing public; and knowingly and substantially participated or acquiesced in the issuance or dissemination of such statements as primary violators of the federal securities laws. As set forth elsewhere herein, the Individual Defendants, by virtue of their receipt of information reflecting the true facts regarding Super Micro, their control over allegedly materially misleading misstatements and/or their associations with the Company which made them privy to confidential proprietary information concerning Super Micro, participated in the fraudulent scheme alleged herein.

VII. CLASS ACTION ALLEGATIONS

95. Plaintiffs bring this action as a class action pursuant to Rule 23 of the Federal Rules of Civil Procedure on behalf of all persons who purchased or otherwise acquired Super Micro securities, including call options, as well as those that sold put options on Super Micro stock during the Class

1 Period (the “Class”). Excluded from the Class are Defendants and their families, directors, and officers
 2 of Super Micro and their families and affiliates.

3 96. The members of the Class are so numerous that joinder of all members is impracticable.
 4 The disposition of their claims in a class action will provide substantial benefits to the parties and the
 5 Court. As of April 30, 2024, there were 58,556,527 shares of Super Micro common stock outstanding,
 6 owned by at least thousands of investors.

7 97. There is a well-defined community of interest in the questions of law and fact involved
 8 in this case. Questions of law and fact common to the members of the Class which predominate over
 9 questions which may affect individual Class members include:

- 10 A. Whether Defendants violated the Exchange Act;
- 11 B. Whether Defendants omitted and/or misrepresented material facts;
- 12 C. Whether Defendants’ statements omitted material facts necessary in order to make the
 statements made, in light of the circumstances under which they were made, not
 misleading;
- 13 D. Whether Defendants knew or recklessly disregarded that their statements and/or
 omissions were false and misleading;
- 14 E. Whether the price of Super Micro’s securities was artificially distorted;
- 15 F. Whether Defendants’ conduct caused the members of the Class to sustain damages; and
- 16 G. The extent of damage sustained by Class members and the appropriate measure of
 damages.

17 98. Plaintiffs’ claims are typical of those of the Class because Plaintiffs and the Class
 18 sustained damages from Defendants’ wrongful conduct.

19 99. Plaintiffs will adequately protect the interests of the Class and have retained counsel
 20 experienced in class action securities litigation. Plaintiffs have no interests which conflict with those
 21 of the Class.

22 100. A class action is superior to other available methods for the fair and efficient adjudication
 23 of this controversy.

VIII. INAPPLICABILITY OF STATUTORY SAFE HARBOR

101. Super Micro's "Safe Harbor" warnings accompanying its forward-looking statements issued during the Class Period were ineffective and inapplicable and cannot shield the statements at issue from liability.

102. Defendants are also liable for any false or misleading forward-looking statements pleaded herein because, at the time each such statement was made, the speaker knew the statement was false or misleading and the statement was made by or authorized and/or approved by an executive officer of Super Micro who knew that the statement was false.

IX. PRESUMPTION OF RELIANCE

103. At all relevant times, the market for Super Micro's securities was an efficient market for the following reasons, among others:

- A. The Company's shares met the requirements for listing, and were listed and actively traded on the NASDAQ, a highly efficient and automated market;
- B. As a regulated issuer, Super Micro filed periodic public reports with the SEC;
- C. Super Micro regularly and publicly communicated with investors via established market communication mechanisms, including through regular disseminations of press releases on the national circuits of major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services; and
- D. Super Micro was followed by securities analysts employed by major brokerage firms who wrote reports which were distributed to the sales force and certain customers of their respective brokerage firms. Each of these reports was publicly available and entered the public marketplace.

104. As a result of the foregoing, the market for Super Micro securities promptly digested current information regarding Super Micro from all publicly available sources and reflected such information in the price. Under these circumstances, all purchasers of Super Micro securities during the Class Period suffered similar injury through their purchase of Super Micro securities at artificially inflated prices and the presumption of reliance applies. Likewise, all sellers of the Company's put

options during the Class Period suffered similar injury through their transactions at prices that were distorted by the artificially inflated price of Super Micro stock, and the presumption of reliance applies.

105. A Class-wide presumption of reliance is also appropriate in this action under the Supreme Court's holding in *Affiliated Ute Citizens of Utah v. United States*, 406 U.S. 128 (1972), because the Class's claims are grounded on Defendants' material omissions.

COUNT I

**For Violation of Section 10(b) of the Exchange Act and Rule 10b-5
(Against All Defendants)**

106. Plaintiffs repeat and re-allege each and every allegation contained above as if fully set forth herein.

107. During the Class Period, Defendants carried out a plan, scheme, and course of conduct which was intended to and, throughout the Class Period, did: (i) deceive the investing public, including Plaintiffs and other Class members, as alleged herein; and (ii) cause Plaintiffs and other members of the Class to purchase Super Micro securities at artificially inflated prices.

108. Defendants (i) employed devices, schemes, and artifices to defraud; (ii) made untrue statements of material fact and/or omitted to state material facts necessary to make the statements not misleading; and (iii) engaged in acts, practices, and a course of business which operated as a fraud and deceit upon the purchasers of the Company's securities in an effort to maintain artificially high market prices for Super Micro securities in violation of Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

109. Defendants, individually and in concert, directly and indirectly, by the use, means, or instrumentalities of interstate commerce and/or of the mails, engaged and participated in a continuous course of conduct to conceal adverse material information about Super Micro's business, as specified herein.

110. During the Class Period, Defendants made the false statements specified above which they knew or recklessly disregarded to be false or misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

111. Defendants had actual knowledge of the misrepresentations and omissions of material fact set forth herein, or recklessly disregarded the true facts that were available to them. Defendants engaged in this misconduct to conceal the truth about the Company's business, as specified herein, from the investing public and to support the artificially inflated prices of the Company's securities.

112. Plaintiffs and the Class have suffered damages in that, in reliance on the integrity of the market, they paid artificially inflated prices for Super Micro’s securities. Plaintiffs and the Class would not have purchased the Company’s securities at the prices they paid, or at all, had they been aware that the market prices had been artificially inflated by Defendants’ fraudulent course of conduct. Similarly, Plaintiffs and the Class have suffered damages in that, in reliance on the integrity of the market, they sold the Company’s put options at prices that were distorted by the artificially inflated price of Super Micro stock. Plaintiffs and the Class would not have sold the Company’s put options at the prices they sold them, or at all, had they been aware that the market prices had been distorted by the artificially inflated price of Super Micro’s stock.

113. As a direct and proximate result of Defendants' wrongful conduct, Plaintiffs and other members of the Class suffered damages in connection with their respective investments in the Company's securities, including call options and sales of put options during the Class Period.

114. By virtue of the foregoing, Defendants violated Section 10(b) of the Exchange Act and Rule 10b-5 promulgated thereunder.

COUNT II
For Violation of Section 20(a) of the Exchange Act
(Against the Individual Defendants)

115. Plaintiffs repeat, incorporate, and re-allege each and every allegation set forth above as if fully set forth herein.

116. The Individual Defendants acted as controlling persons of Super Micro within the meaning of Section 20(a) of the Exchange Act. By virtue of their high-level positions, participation in and/or awareness of the Company's operations, direct involvement in the day-to day operations of the Company, and/or intimate knowledge of the Company's actual performance, and their power to control public statements about Super Micro, the Individual Defendants had the power and ability to control

1 the actions of Super Micro and its employees. By reason of such conduct, the Individual Defendants
2 are liable pursuant to Section 20(a) of the Exchange Act.

3 **X. PRAYER FOR RELIEF**

4 117. WHEREFORE, Plaintiffs pray for judgment as follows:

5 A. Determining that this action is a proper class action under Rule 23 of the Federal
6 Rules of Civil Procedure;

7 B. Awarding compensatory damages in favor of Plaintiffs and other Class members
8 against all Defendants, jointly and severally, for all damages sustained as a result
9 of Defendants' wrongdoing, in an amount to be proven at trial, including interest
10 thereon;

11 C. Awarding Plaintiffs and the Class their reasonable costs and expenses incurred
12 in this action, including attorneys' fees and expert fees; and

13 D. Awarding such equitable/injunctive or other further relief as the Court may deem
14 just and proper.

15 **XI. JURY DEMAND**

16 118. Plaintiffs demand a jury trial.

17
18 Dated: October 18, 2024

Respectfully submitted,

19
20 **BLEICHMAR FONTI & AULD LLP**

21
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26 -and-

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